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RUEHCV/AMEMBASSY CARACAS PRIORITY 1277
RUEHLP/AMEMBASSY LA PAZ FEB 5034
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RUEHMN/AMEMBASSY MONTEVIDEO PRIORITY 3531
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SIPDIS

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SUBJECT: CHILE WANTS TO DEEPEN BUT BALANCE ASIAN TIES

REF: STATE 18387

¶1. (SBU) The Ambassador met February 14 with new director Fernando Schmidt of MFA's Asia-Pacific Division. The Ambassador briefed Schmidt on progress in talks with North Korea. Chile issued a statement in support of the talks on February 13. Schmidt expressed satisfaction with growing Chilean ties to Asia, especially China. He stressed, however, the need for Chile to seek balance in its relationships in Asia. He specifically mentioned the need for closer ties with India and Japan. Schmidt applauded A/S Shannon's outreach to Asia and follow-up actions. He said there would be continued efforts to develop the policy of open regionalism, linking like-minded countries in Latin America with trading partners around the world, including in Asia. Schmidt expressed appreciation for strong U.S. support for Chile's "like-minded" initiative. End Summary.

¶2. (SBU) The Ambassador, accompanied by Senior Econoff, met February 14 with the new leadership of the Chilean MFA's Asia-Pacific Division, Director Fernando Schmidt and Sub-director Fernando Urrutia. The Ambassador delivered reftel's talking points on six-party talks with North Korea. Schmidt and Urrutia expressed support for the progress made. Urrutia, who has previously worked in South Korea, said it was still just a first step with the DPRK but that there had been important concessions made by it. He provided a copy of a GOC press release from February 13, which expressed Chile's approval of the agreement with North Korea. Post has faxed a copy of the press release to the Chile desk.

¶3. (SBU) Schmidt and Urrutia spoke at length about Chile's growing relationship with China. Schmidt said with China now Chile's second largest trading partner, after the U.S., he was aware Chile needed to maintain a balance in its ties, both inside and outside of Asia. Having China and other Asian countries as key trading partners was important as Chile diversified its export markets. However, Chile did not want to become too dependent on China. Schmidt said that while the trade growth was welcome, there was very little Chile could discuss positively with China on Qsues such as human rights; the Chile-China link was likely to remain based only on trade.

¶4. (SBU) Schmidt and Urrutia mentioned Japan and India specifically as countries with which Chile would seek to deepen its ties. One motive would, of course, be purely

bilateral, but a second goal would be to provide Chile some balance in its relationship with China. Urrutia was frank in saying Chile did not want to become too dependent on China. Urrutia and Schmidt applauded A/S Shannon's outreach to Asia and welcomed the Embassy's follow-up meetings in Santiago.

15. (SBU) Not surprisingly, Schmidt and Urrutia voiced strong support for FM Foxley's policy of open regionalism, which seeks to mesh Chile's pursuit of closer ties with its like-minded neighbors with its growing network of trading partners. Closer trading and political ties with Asia fit very well into this policy as Chile seeks to encourage Latin American partners to open their markets further and follow the Chilean model of free trade and democracy. Schmidt and Urrutia welcomed strong U.S. expressions of support for Chile's "like-minded" initiative.

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